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STATISTICAL BULLETIN

Volume 17, No. 1, January, 1984

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The Conference Board

COMMENT

Forecasting business trends is not the easiest way to make a living. After all, if one goes around making a lot of predictions, a lot of time is bound to be spent explaining why the forecast missed the mark. And 1983 was a particularly bad year to play a guessing game. Of some consolation, then, is that forecasting accuracy ought to show marked improvement in 1984: It couldn't get much worse. Scenarios start with some standard assumptions, the most basic of which are that consumer demand will slow somewhat and business investment will pick up. The dollar will remain very strong, which will continue to hamper exporting efforts. High Federal Government deficits will not go away, and neither will high interest rates. One last point: There will be a general election in November. That event has a bearing on the direction of economic policy. And forecasters are trying to anticipate how much reining in, of what has been very accommodative and expansionary monetary and fiscal policy, will take place.

Strong consumer demand has been the driving force of this expansionary phase of the business cycle. Consumer attitudes began to recover last Winter and reached record-setting levels by Spring. The Conference Board's *Consumer Confidence Index* bottomed out at 49.7 (1969-1970 = 100) in October, 1982 (very nearly the lowest reading on record). In light of news reports of declining unemployment and some pickup in economic activity in the early months of 1983, this barometer of the public's perception of business conditions began to rise very quickly. By May, it had recovered to 84.0, or about the level recorded in late 1979—just before the onset of the back-to-back recessions. Confidence continued to build through the last half of 1983; by December, this series had reached 94.0, a level last seen in late 1978, when the first early indications of some impending economic distress began to surface.

The recovery in the *Expectations Index* a component of the overall series, has been even more pronounced. Both series had declined to all-time lows in the first recession; however, this barometer of attitudes with regard to business conditions six months down the road held up better during the second recession than did the overall series. And it recovered sharply in the first half of 1983, reaching an all-time high of 121.2 in May. The *Expectations Index* retained its exuberance in the second half of 1983, registering a still very lofty level of 116.6 in December. That suggests that consumers remain confident that more good news on business conditions in general, and prospects for higher income and more new jobs in particular, will be forthcoming over the next six months.

Consumers have been in such good spirits, so confident of a strengthening economy, that they have been very willing to buy on credit. At the bottom of the recession, installment debt repayments exceeded new credit extensions, which is typical recessionary behavior. Early in the recovery period, consumers spent heavily on furniture, appliances, cars and car repairs—and financed these expenditures with new credit extensions. The ratio of *Consumer Installment Debt Expansion to Personal Income* rose from zero in August, 1982, to almost 2% in May, 1983; after subsiding a little this past Summer, it was back up to 2% by October, 1983. Consumer spending reflects this same pattern of an early surge, then some drop-off from that pace, followed by renewed vigor. Total retail sales, adjusted for inflation, were 9.2% higher in May, 1983, than in August, 1982. By August, 1983, however, sales volume had declined by 1.6% from the level reached in the Spring. Consumer demand began to pick up again in September and, by December, it was 6% higher than it had been in August.

The *Economic Forecasts* assume that the pace of buying in 1984 will be a little slower than it was in 1983. Altogether, real retail sales had climbed 12% from the bottom of the recession through the end of 1983. Personal income, however, rose by only 5% during this period. The willingness to buy outstripped the means. Consumers had forgone a lot of buying during the recessions but, confident that bad times were over, they tried catching up and were willing to incur some debt in order to accomplish that. Thus, some of that pent-up demand has been released. Consumers are no less willing to spend now but, on the other hand, are not willing to get too caught up in piling on debt. The rise in spending in 1984, then, will likely run closer to the rise in spending power. If real personal income were to grow by something like 4% in 1984, consumer spending might rise by something like 5 percent.

The likelihood of a slower rise in consumer demand does not spell trouble for the expansion. Indeed, the forecast all along has been that 1984 is the year when a consumer-led recovery gives way to an investment-sustained expansion. A recovery in capital investment usually lags the general recovery by about a year. It takes that long for relatively full capacity utilization to return. It is now over a year since the economy began to

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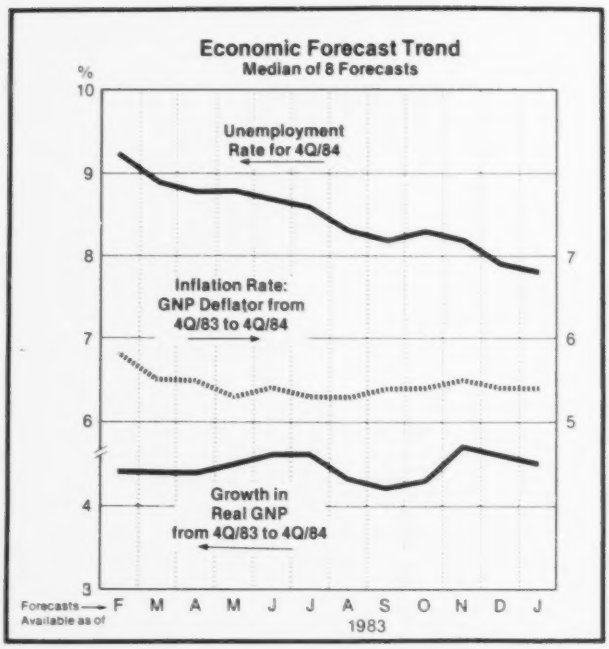
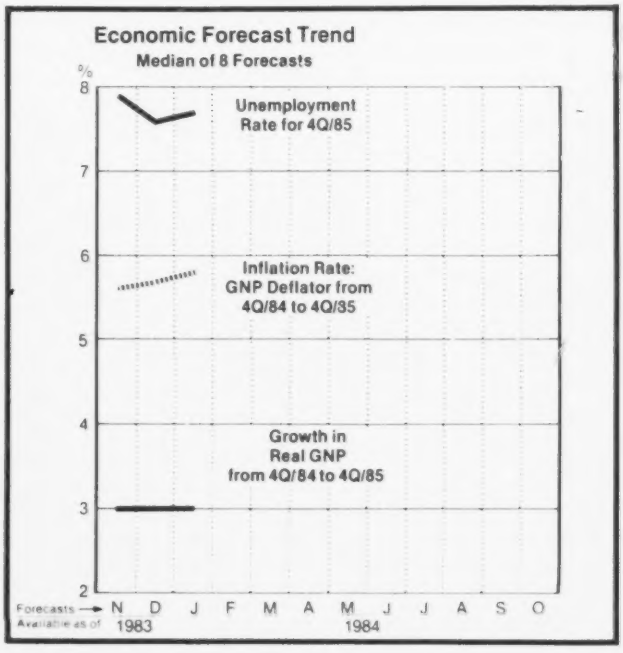


strengthen and the capacity use rate for primary processing industries hit 80.5% in December, 1983. Increases in production can be achieved with the present stock of plant and equipment, but the question of adequate capacity on hand to meet expected rising demand in the next few years is beginning to press for attention. Some new investment needs to be put in place now in order to be available when the anticipated level of new orders begins streaming in. The Commerce Department's survey of company spending plans shows a rise of about 10%, after inflation, in plant and equipment investment anticipated for 1984. Responses to The Conference Board's third quarter survey showed that the nation's 1,000 manufacturers are expecting an even more ambitious push to upgrade, modernize and expand facilities to begin this year. Given a current 11% prime interest rate, the margin between financing cost and expected rate of return might appear rather narrow. The high borrowing cost may be offset a bit by the accelerated depreciation allowances incorporated into the tax law in 1981. The point to be made, however, is that it can, and is expected to, happen in 1984 even if interest rate relief is minimal.

Worry about budget deficits and/or a return to escalating inflation is keeping interest rates from falling. The *Economic Forecasts* have consistently indicated that only a modest rise in inflation is expected this year and next. The GNP deflator rose by 4.2% in 1983, and the median of the forecasts has been—and remains—that it will increase at about a 5% rate this year and perhaps closer to 5½% next year. Furthermore, while changes in economic conditions have necessitated repeated, and frequently substantial, revisions in estimates of expected real output growth and unemployment rates, the forecasts of expected inflation have undergone relatively minor adjustment over the last two years or so. Nevertheless, stories about fears of resurging inflation abound in financial news reporting. Perhaps it is too early to expect complete recovery from the oil price shocks and other inflation nightmares of the past decade. In any event, the inflation expectation component of interest rates does not appear to be diminishing. That is also true with regard to the pressure on rates from the high budget deficit. Cutting someone's favorite spending program or raising taxes just before a general election do not appear to be highly probable. The best hope for interest rate relief, then, seems to depend on some easing in monetary policy. The Federal Reserve Board has yet to announce its growth targets for money supply from November, 1983 to November, 1984. That announcement will go a long way in clarifying whether monetary policy will be accommodative of some decline in interest rates.

The value of the dollar in international exchange markets is being reinforced by those high interest rates, an absence of any substantial runup of inflation, and by the strong domestic expansion now under way. The effective *Exchange Rate* of the dollar against other major currencies was 116.7 (1980-1982 = 100) in December—that is, 16.7% above the value that prevailed during that 3-year period. In point of fact, the dollar's value against the pound, franc, mark or yen is currently about as high as it has been in the floating rate era and there is little prospect of any relief from the overvalued dollar any time soon.

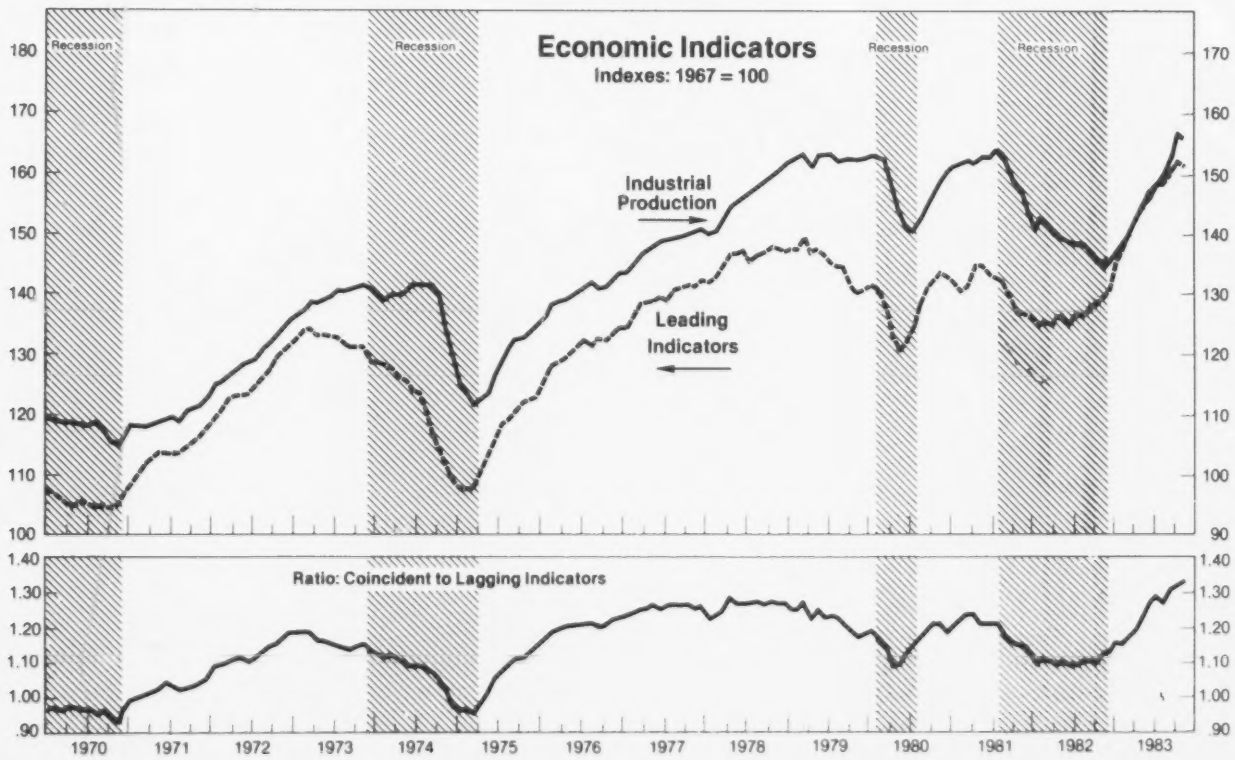
Ken Goldstein
Jan. 13, 1984



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Nov.	X			+ 1.8%	+16.1%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Nov.		X		+ 5.5%	+22.9%
New orders, nondefense capital goods (deflated)	Nov.		X		+ 4.7%	+24.4%
*New business formation	Nov.	X			+ 3.1%	+ 4.5%
*Housing permits	Nov.			X	— 0.6%	+33.8%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Nov.	X			+ 1.1%	+28.8%
*Change in inventory, on hand & order (deflated)	Oct.	X			+15.6%	+30.8%
Purchasing agents' buying policy	Dec.	X			+ 7 %	+11 %
*Vendor performance, reported slower deliveries	Dec.	X			+ 7 %	+29 %
Industrial raw materials prices	Dec.	X			+ 5.5%	+24.4%
*Change in sensitive material prices	Nov.			X	— 0.4%	+ 1.2%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Nov.	X			+ 0.6%	+ 8.4%
Change in business loans	Nov.	X			+11.6%	+83.6%
*Change in credit outstanding	Oct.		X		— 1.9%	+11.9%
Change in consumer installment debt	Nov.	X			+18.0%	+53.0%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q	X			+11.2%	+20.4%
*Common stock prices	Dec.		X		— 1.7%	+17.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	Dec.			X	— 0.3hr	+ 1.5hr
*Initial unemployment claims (inverted)	Dec.		X		— 5.9%	+22.8%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) May, 1977.
*These twelve series make up the Composite Leading Index charted below.



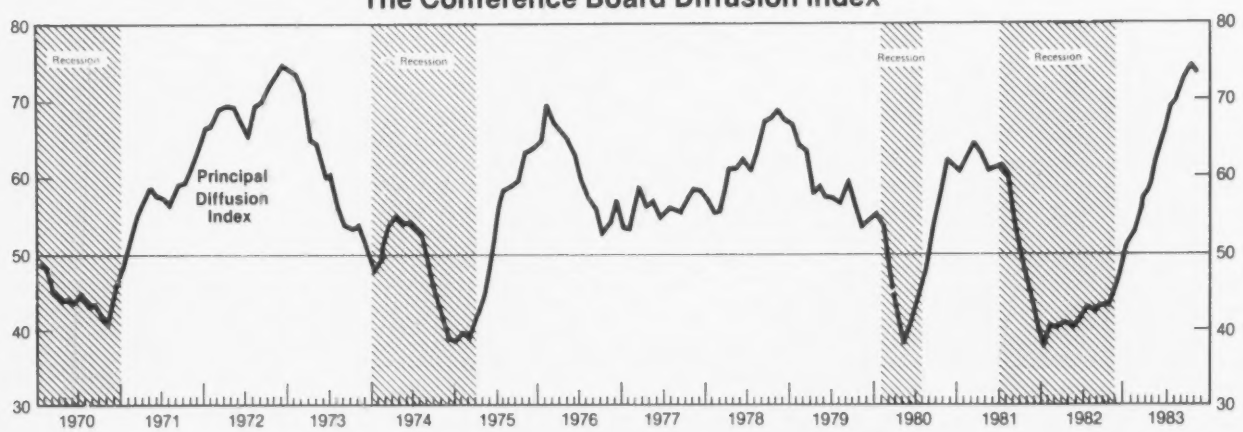
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1982 Nov.	1983 Aug.	Sept.	Oct.	Nov.(e)
Principal Diffusion Index	41.7	70.0	73.2	74.3r	73.4
Auxillary Diffusion Index	54.8	53.3	60.4	53.5r	47.2
Industrial Group	32.0	73.3	78.9	80.3	79.6
Nonindustrial Group	51.5	66.7	67.4	68.2r	67.2
Sense of Diffusion	.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	33.8	79.9	85.5	90.2	93.6
Labor	27.6	71.9	77.6	75.8	73.8
Miscellaneous	40.4	66.7	72.4	76.9	73.1
Nonindustrial Subgroups					
Prices	41.0	73.7	78.2	74.4	70.5
Consumer	66.2	70.9	69.7	73.9r	77.8
Building	47.4	59.6	59.0	58.3r	57.7
Miscellaneous	46.4	62.4	63.7	65.0	60.7

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1981			*1982*				*1983*			
	May	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*
	Score (scale 0-100)										
Measure of Business Confidence	61	57	43	47	52	55	60	70	76	75	74
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	57	48	26	23	30	38	44	65	76	82	80
2. Expectations for Economy, Six Months Ahead	64	63	51	59	64	65	70	76	78	74	73
3. Expectations for Own Industry, Six Months Ahead	61	60	52	58	61	61	65	70	72	69	70

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

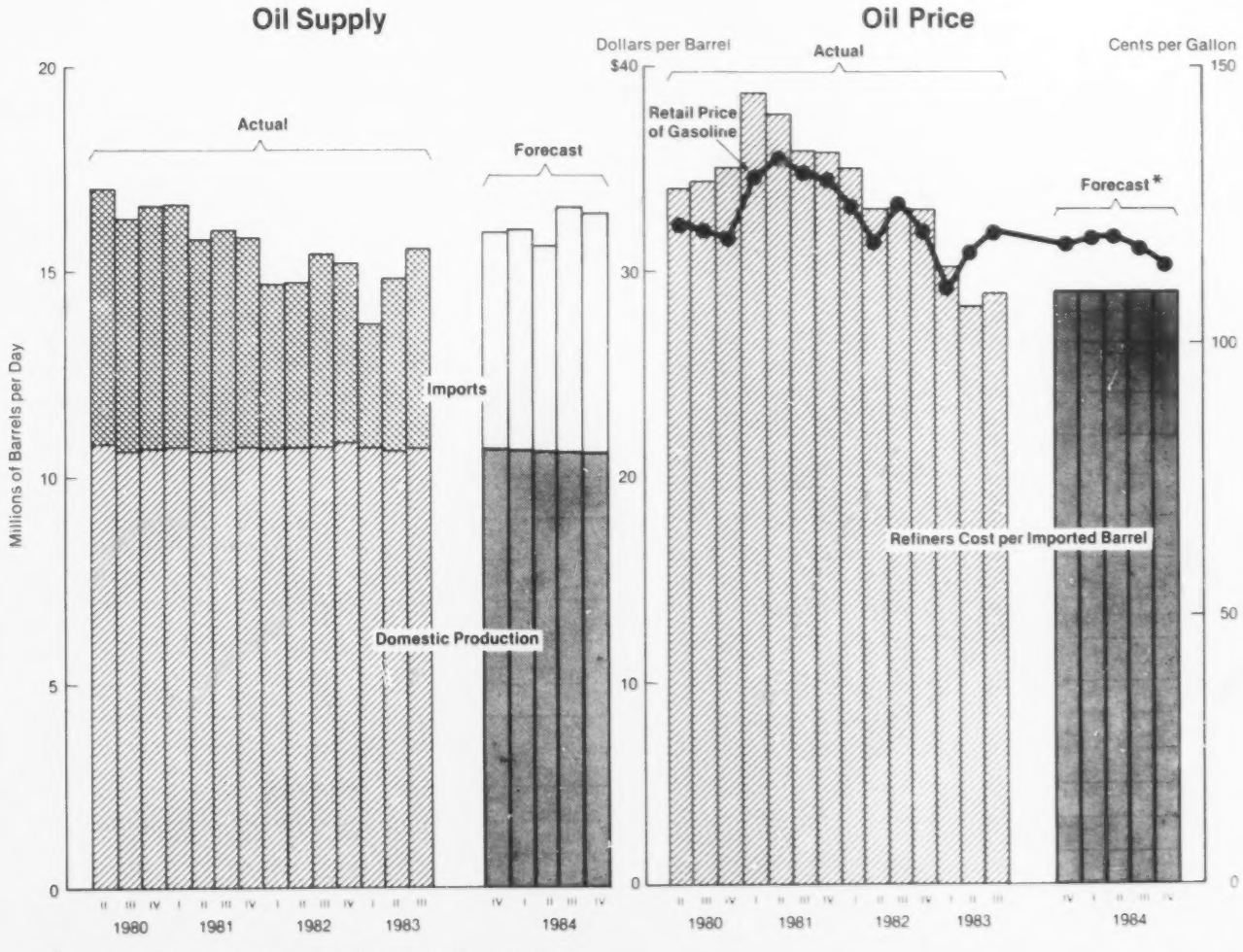
	1981	1982			1983		Percent Change From Previous Year		
	I	II	III	IV	I	IIr	IIIp	1982 Actual	1983 Estimated	1984 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	25.176	20.025	18.439	21.488	20.176	20.633	22.587	-18	- 1	15
Capital expenditures	26.660	25.552	23.991	22.887	18.841	18.643	18.293	- 3	-25	42
Change in appropriations backlog*	-2.259	-7.326	-8.726	-3.395	-0.716	+1.121	+2.241			
Durable Goods										
New appropriations	8.785	7.398	7.724	8.238	8.197	9.453	9.115	-24	14	- 8
Capital expenditures	11.069	10.505	9.684	8.949	7.918	7.655	7.860	- 7	-21	16
Change in appropriations backlog*	-2.723	-3.903	-4.556	-1.351	-0.606	+1.291	+0.995			
Nondurable Goods										
New appropriations	16.391	12.627	11.215	13.250	11.979	11.180	13.432	-14	- 9	32
Capital expenditures	15.591	15.047	14.307	13.938	10.923	10.988	10.433	0	-27	61
Change in appropriations backlog*	0.464	-3.423	-4.170	-2.044	-0.110	-0.170	+1.246			
ELECTRIC & GAS UTILITIES										
New appropriations	8.803	8.502	10.603	10.803	6.966	6.312	5.631			
Capital expenditures	8.958	8.835	9.018	9.331	9.032	9.335	9.092			
Change in appropriations backlog*	-9.039	-1.772	+0.680	-4.492	-5.709	-6.345	-4.014			

Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request.

r—revised p—preliminary

* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments).

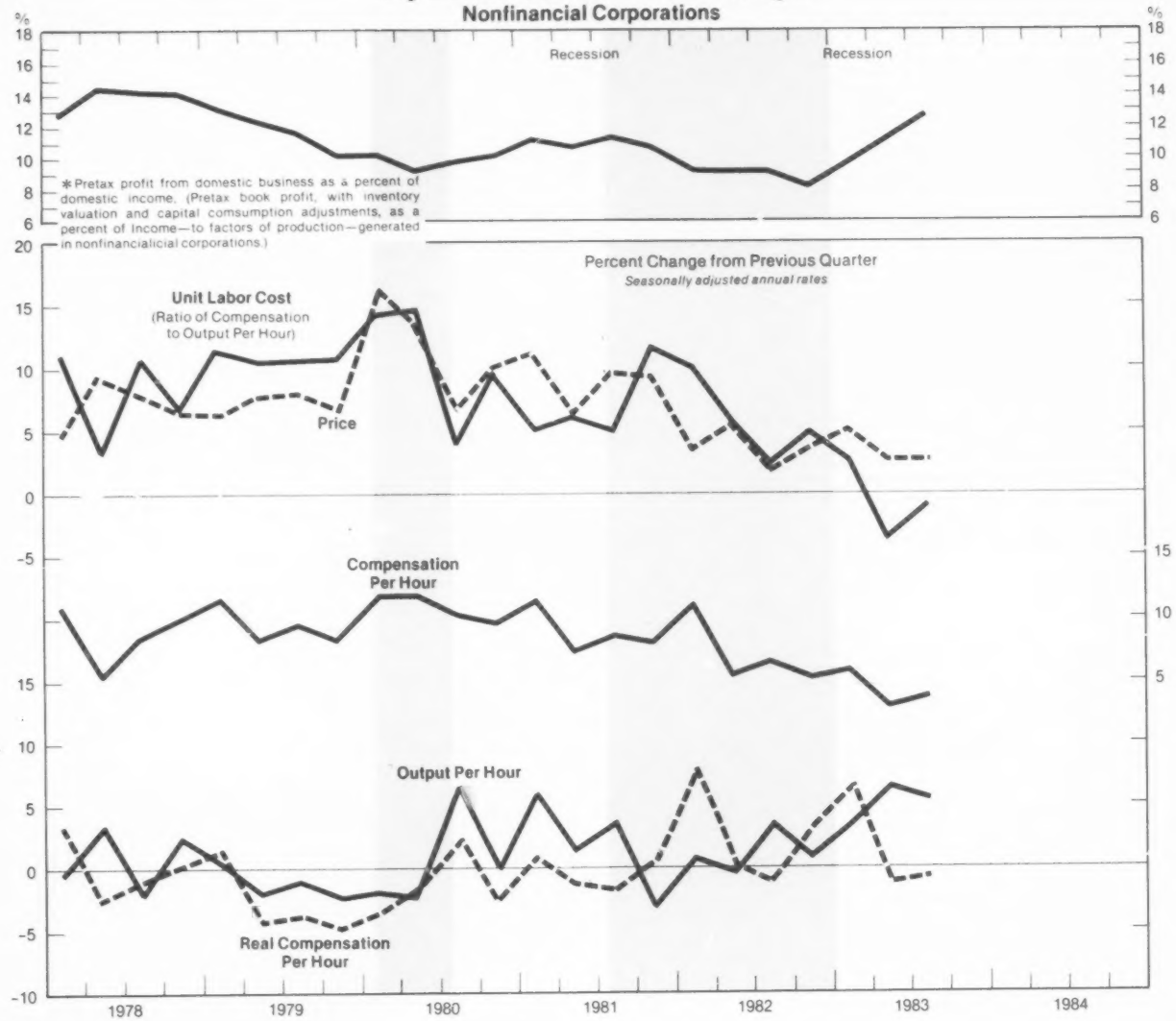
** Results based on survey respondents' expectations.



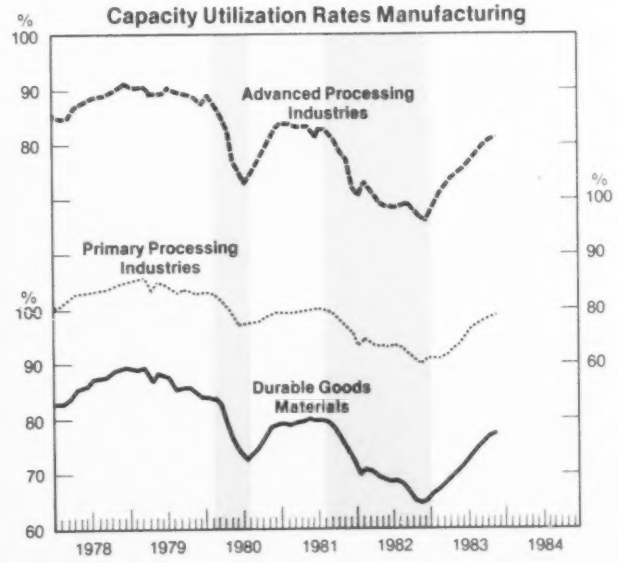
*Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin

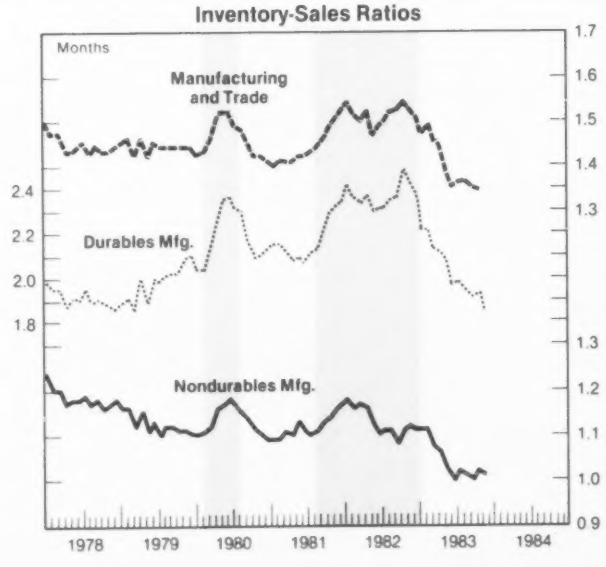
Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios



ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[1]		Merrill Lynch Economics Inc.[2]		E.I. duPont de Nemours & Co.[1]		Georgia State University[2]	
Date of Forecast			*Nov., 1983*		*Dec., 1983*		*Nov., 1983*		*Dec., 1983*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1983**	**III**			**$3362.2**	**11.5%**			**$3362.2**	**11.5%**
Forecast		IV	$3442.2	10.1%	3435.1	9.0	$3442.7	10.2%	3443.5	10.0
	1984	I	3532.8	11.0	3526.1	11.0	3527.6	10.2	3532.8	10.8
		II	3620.9	10.4	3603.7	9.1	3610.0	9.7	3610.6	9.1
		III	3710.2	10.2	3702.6	11.4	3688.7	9.0	3682.8	8.2
		IV	3796.9	9.7	3802.3	11.2	3783.5	10.7	3773.7	10.2
	1985	I	3886.4	9.8	3895.1	10.1	3870.1	9.5	3855.8	9.0
		II	3969.9	8.9	3984.5	9.5	3962.4	9.9	3942.5	9.3
		III	4057.9	9.2	4028.0	4.4	4051.0	9.2	4027.9	9.0
		IV	4153.4	9.8	4085.7	5.9	4135.8	8.6	4115.6	9.0
	1983	Annual	3311.5	7.8	3310.2	7.7	3311.6	7.8	3312.3	7.8
	1984	Annual	3665.2	10.7	3658.7	10.5	3652.5	10.3	3650.0	10.2
	1985	Annual	4016.9	9.6	3998.3	9.3	4004.8	9.6	3985.5	9.2
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1983**	**III**			**$1553.4**	**7.6%**			**$1553.4**	**7.6%**
Forecast		IV	$1572.8	5.0%	1572.1	4.9	$1572.0	4.8%	1573.6	5.3
	1984	I	1591.7	4.9	1591.9	5.1	1589.0	4.4	1594.8	5.5
		II	1610.3	4.8	1605.5	3.5	1608.0	4.9	1611.3	4.2
		III	1630.0	5.0	1627.1	5.5	1625.0	4.3	1623.6	3.1
		IV	1646.7	4.2	1648.2	5.3	1645.0	5.0	1640.4	4.2
	1985	I	1662.1	3.8	1662.9	3.6	1661.0	3.9	1653.8	3.3
		II	1674.9	3.1	1674.0	2.7	1679.0	4.4	1668.5	3.6
		III	1688.5	3.3	1667.0	-1.7	1695.0	3.9	1680.8	3.0
		IV	1701.3	3.1	1668.9	0.5	1709.0	3.3	1691.7	2.6
	1983	Annual	1535.4	3.4	1535.2	3.4	1535.2	3.4	1535.6	3.4
	1984	Annual	1619.7	5.5	1618.2	5.4	1616.8	5.3	1617.5	5.3
	1985	Annual	1681.7	3.8	1668.2	3.1	1686.0	4.3	1673.7	3.5
Gross National Product deflator Index, 1972 = 100										
Actual	**1983**	**III**			**216.4**	**3.6%**			**216.4**	**3.6%**
Forecast		IV	218.9	4.8%	218.5	3.9	219.0	5.1%	218.8	4.5
	1984	I	222.0	5.8	221.5	5.6	222.0	5.6	221.5	5.0
		II	224.9	5.3	224.5	5.4	224.5	4.6	224.1	4.7
		III	227.6	5.0	227.6	5.6	227.0	4.5	226.8	5.0
		IV	230.6	5.3	230.7	5.6	230.0	5.4	230.0	5.8
	1985	I	233.8	5.8	234.2	6.3	233.0	5.3	233.1	5.5
		II	237.0	5.6	238.0	6.6	236.0	5.2	236.3	5.5
		III	240.3	5.7	241.6	6.2	239.0	5.2	239.6	5.8
		IV	244.1	6.5	244.8	5.4	242.0	5.1	243.3	6.2
	1983	Annual	215.6	4.2	215.6	4.2	215.7	4.2	215.7	4.2
	1984	Annual	226.3	4.9	226.1	4.9	225.9	4.7	225.6	4.6
	1985	Annual	238.8	5.6	239.7	6.0	237.5	5.1	238.1	5.5
Unemployment Rate										
Actual	**1983**	**III**	**9.4%**		**9.4%**		**9.4%**		**9.4%**	
Forecast		IV	8.6		8.5		8.5		8.4	
	1984	I	8.5		8.2		8.2		8.2	
		II	8.4		8.1		8.1		8.0	
		III	8.1		7.8		8.0		8.0	
		IV	7.9		7.6		8.0		7.8	
	1985	I	7.8		7.4		7.8		7.7	
		II	7.7		7.4		7.7		7.6	
		III	7.7		7.8		7.5		7.5	
		IV	7.6		8.1		7.2		7.5	
	1983	Annual	9.6		9.6		9.6		9.6	
	1984	Annual	8.2		7.9		8.1		8.0	
	1985	Annual	7.7		7.7		7.6		7.6	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (1st revision) third quarter data.

[2]Based on revised (2nd revision) third quarter data.

ECONOMIC FORECASTS (continued)

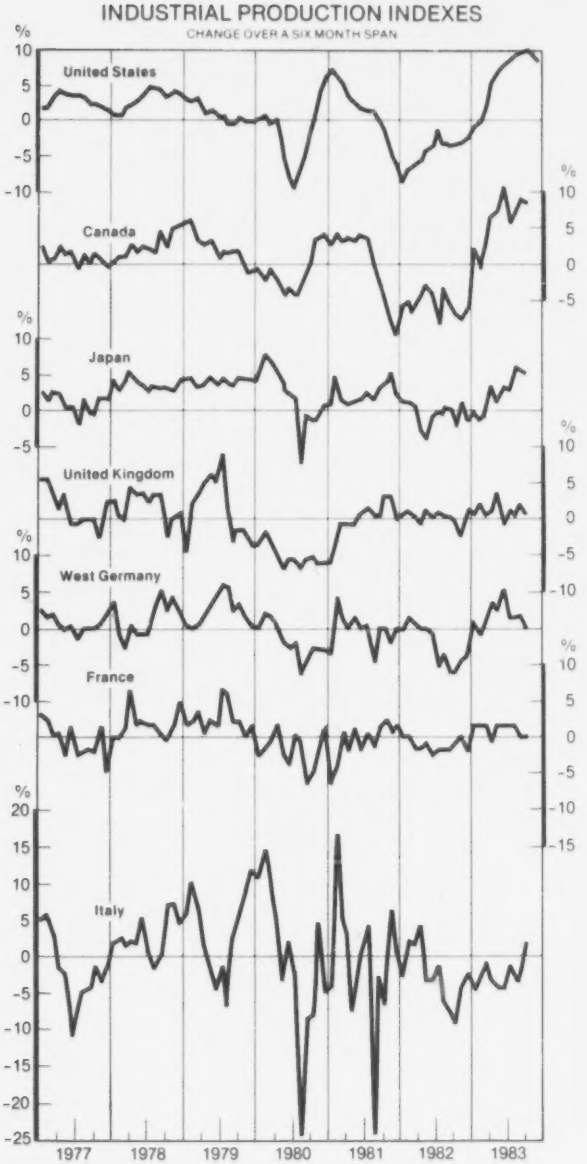
The Conference Board[1]		Chase Econometric Associates, Inc.[2]		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]				
Dec., 1983		Dec., 1983		Dec., 1983		Dec., 1983		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
		$3362.2	**11.5%**	**$3362.2**	**11.5%**	**$3362.2**	**11.5%**	**III**	**1983**	**Actual**
$3460.0	12.4%	3438.9	9.4	3436.9	9.2	3441.3	9.7	IV		Forecast
3544.0	10.1	3524.9	10.4	3518.5	9.8	3532.7	11.1	I	1984	
3621.0	9.0	3610.7	10.1	3590.8	8.5	3621.9	10.5	II		
3686.0	7.4	3693.9	9.5	3667.0	8.8	3714.2	10.6	III		
3790.0	11.8	3785.4	10.3	3745.8	8.9	3803.8	10.0	IV		
		3869.6	9.2	3818.0	7.9	3888.1	9.2	I	1985	
		3955.8	9.2	3882.7	7.0	3970.0	8.7	II		
		4024.4	7.1	3953.0	7.4	4046.5	7.9	III		
		4104.1	8.2	4030.3	8.1	4121.8	7.7	IV		
3316.0	7.9	3311.2	7.8	3310.7	7.7	3311.8	7.8	Annual	1983	
3660.3	10.4	3653.7	10.3	3630.5	9.7	3668.2	10.8	Annual	1984	
		3988.5	9.2	3921.0	8.0	4006.6	9.2	Annual	1985	
								Gross National Product Billions of Constant (1972) Dollars		
		$1553.4	**7.6%**	**$1553.4**	**7.6%**	**$1553.4**	**7.6%**	**III**	**1983**	**Actual**
$1584.5	8.2%	1573.9	5.4	1572.2	4.9	1574.4	5.5	IV		Forecast
1604.8	5.2	1592.4	4.8	1591.6	5.0	1593.6	5.0	I	1984	
1617.8	3.3	1608.8	4.2	1608.2	4.2	1611.9	4.7	II		
1624.2	1.6	1624.6	4.0	1624.7	4.2	1631.3	4.9	III		
1647.0	5.7	1637.1	3.1	1640.4	3.9	1647.4	4.0	IV		
		1647.4	2.5	1654.0	3.4	1662.0	3.6	I	1985	
		1656.8	2.3	1663.5	2.3	1673.6	2.8	II		
		1665.2	2.0	1674.7	2.7	1681.6	1.9	III		
		1673.3	2.0	1686.1	2.8	1687.2	1.3	IV		
1538.3	3.6	1535.6	3.4	1535.2	3.4	1535.8	3.4	Annual	1983	
1623.5	5.5	1615.7	5.2	1616.2	5.3	1621.1	5.6	Annual	1984	
		1660.7	2.8	1669.6	3.3	1676.1	3.4	Annual	1984	
								Gross National Product deflator Index, 1972 = 100		
216.3	**3.3%**	**216.4**	**3.6%**	**216.4**	**3.6%**	**216.4**	**3.6%**	**III**	**1983**	**Actual**
218.4	3.9	218.5	3.9	218.6	4.1	218.6	4.0	IV		Forecast
220.8	4.6	221.4	5.3	221.1	4.6	221.7	5.8	I	1984	
223.8	5.5	224.4	5.7	223.3	4.1	224.7	5.6	II		
226.9	5.7	227.4	5.3	225.7	4.4	227.7	5.4	III		
230.1	5.7	231.2	7.0	228.3	4.8	230.9	5.8	IV		
		234.9	6.5	230.8	4.4	233.9	5.4	I	1985	
		238.8	6.8	233.4	4.5	237.2	5.7	II		
		241.7	5.0	236.0	4.6	240.6	5.9	III		
		245.3	6.1	239.0	5.2	244.3	6.2	IV		
215.5	4.2	215.6	4.2	215.6	4.2	215.6	4.2	Annual	1983	
225.4	4.6	226.1	4.9	224.6	4.2	226.2	4.9	Annual	1984	
		240.1	6.2	234.8	4.6	239.0	5.6	Annual	1985	
								Unemployment Rate		
9.4%		**9.4%**		**9.4%**		**9.4%**		**III**	**1983**	**Actual**
8.5		8.4		8.5		8.5		IV		Forecast
8.2		8.2		8.3		8.3		I	1984	
8.0		8.0		8.0		8.1		II		
8.0		7.9		7.9		8.0		III		
7.7		7.8		7.7		7.8		IV		
		7.7		7.6		7.6		I	1985	
		7.7		7.6		7.5		II		
		7.8		7.6		7.3		III		
		8.0		7.6		7.3		IV		
9.6		9.6		9.6		9.6		Annual	1983	
8.0		8.0		8.0		8.1		Annual	1984	
		7.8		7.6		7.5		Annual	1985	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

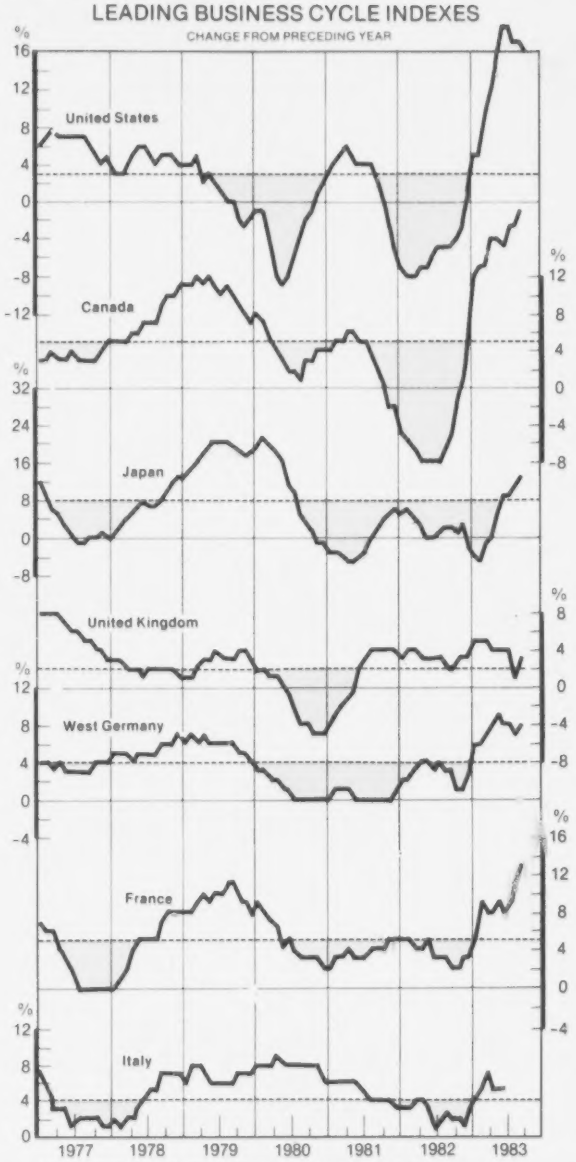
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR



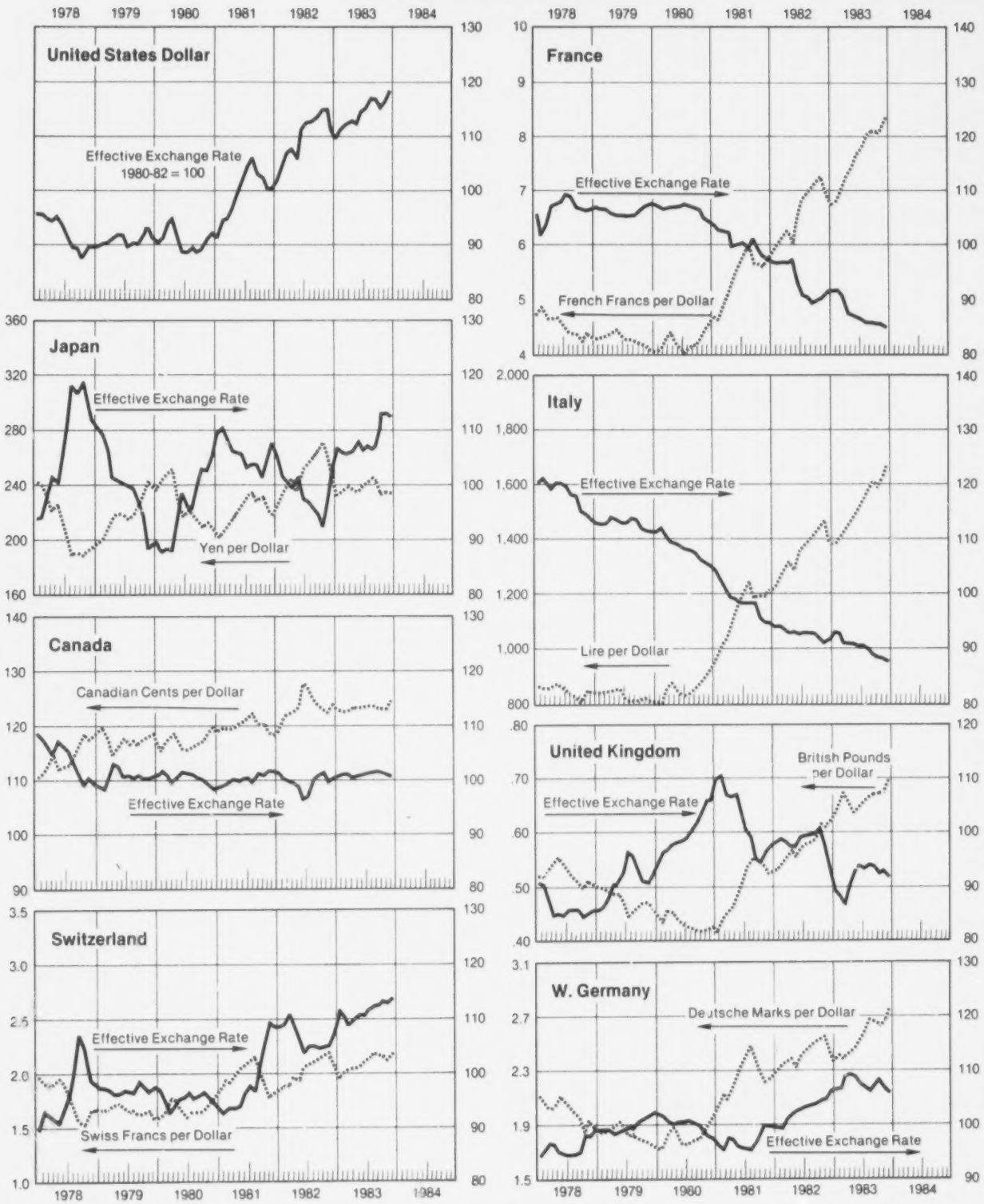
Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES

Foreign Exchange Rates

Indexes: 1980-82 = 100



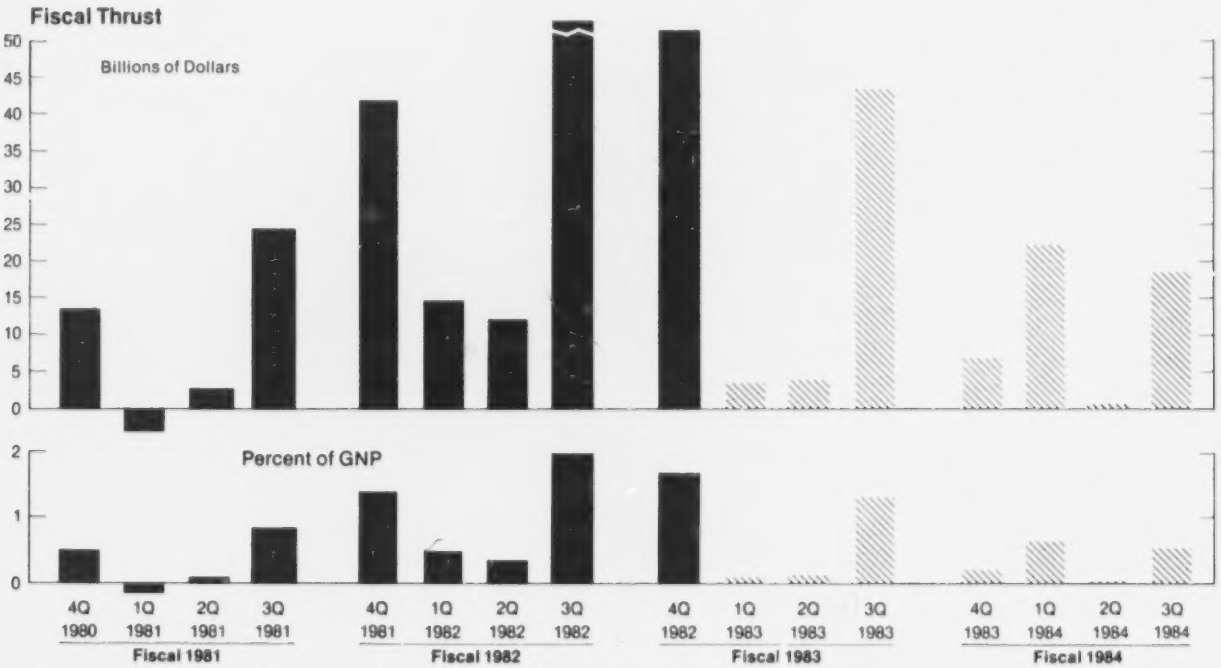
Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
($ Billions)

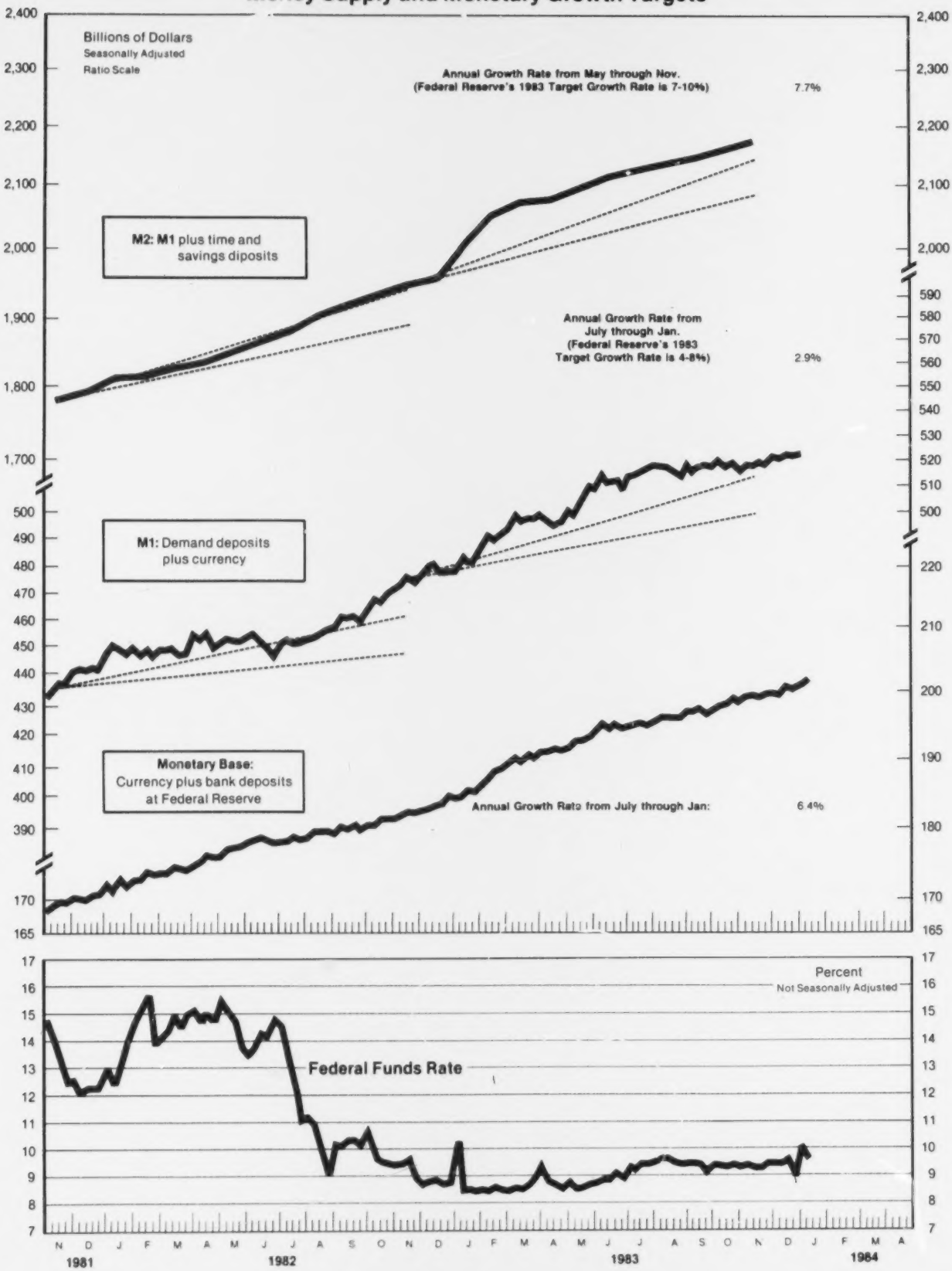
	Fiscal 1982	Fiscal 1983		Fiscal 1984		
	Actual (10/26/82)	President's Proposal (7/25/83)	Congressional Estimate (9/1/82)	Current Service (7/25/83)	President's Proposal (7/25/83)	Congressional Estimate (6/20/83)
Receipts	**$617.8**	**$599.9**	**633.0**	**665.6**	**668.4**	**679.6**
Outlays	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Deficit	**−110.6**	**−209.8**	**−155.0**	**−200.4**	**−179.7**	**−169.9**
Receipts by source	**617.8**	**599.9**	**633.0**	**665.6**	**668.4**	**679.6**
Individual income taxes	298.1	288.5	298.0	294.6	296.0	
Corporate income taxes	49.2	35.2	47.0	64.1	64.1	
Social insurance	201.1	211.1	217.0	240.0	241.4	242.3
Other receipts	69.4	65.1	71.0	66.9	66.9	
Outlays by function	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Income security	248.8	279.4	270.0	278.5	275.2	278.8
National defense	187.4	214.8	216.0	245.4	242.3	240.0
Health	74.0	82.3	79.0	92.4	90.5	92.6
Education and manpower	25.4	27.2	27.0	27.9	26.5	28.4
Transportation	20.6	21.1	20.0	26.0	25.9	26.0
Veterans' benefits	24.0	24.9	24.0	25.5	25.5	25.5
International affairs	10.0	11.0	13.2	13.1	13.5	13.0
Natural resources and environment	13.1	12.5	11.0	12.0	10.8	12.5
Agriculture	14.8	25.3	15.0	16.9	13.8	11.5
General science	7.1	7.8	8.0	8.2	8.3	8.3
Community development	7.4	7.4	8.0	7.9	7.8	8.1
Revenue sharing	6.2	6.4	6.0	6.8	6.8	7.2
General government	4.8	5.8	5.0	5.4	5.6	5.6
Justice	4.6	5.3	5.0	5.4	5.5	5.9
Energy	4.8	4.6	5.0	4.4	4.4	4.3
Commerce and housing credit	3.8	5.1	2.0	3.3	2.8	2.3
Interest	100.8	89.0	115.0	104.9	103.5	97.1
Allowances	—	—	−3.0	1.9	0.9	0.8
Undistributed offsetting receipts	−29.3	−19.9	−36.0	−20.0	−21.0	−18.1

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81 3), The Conference Board, New York, 1980.

Money Supply and Monetary Growth Targets



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

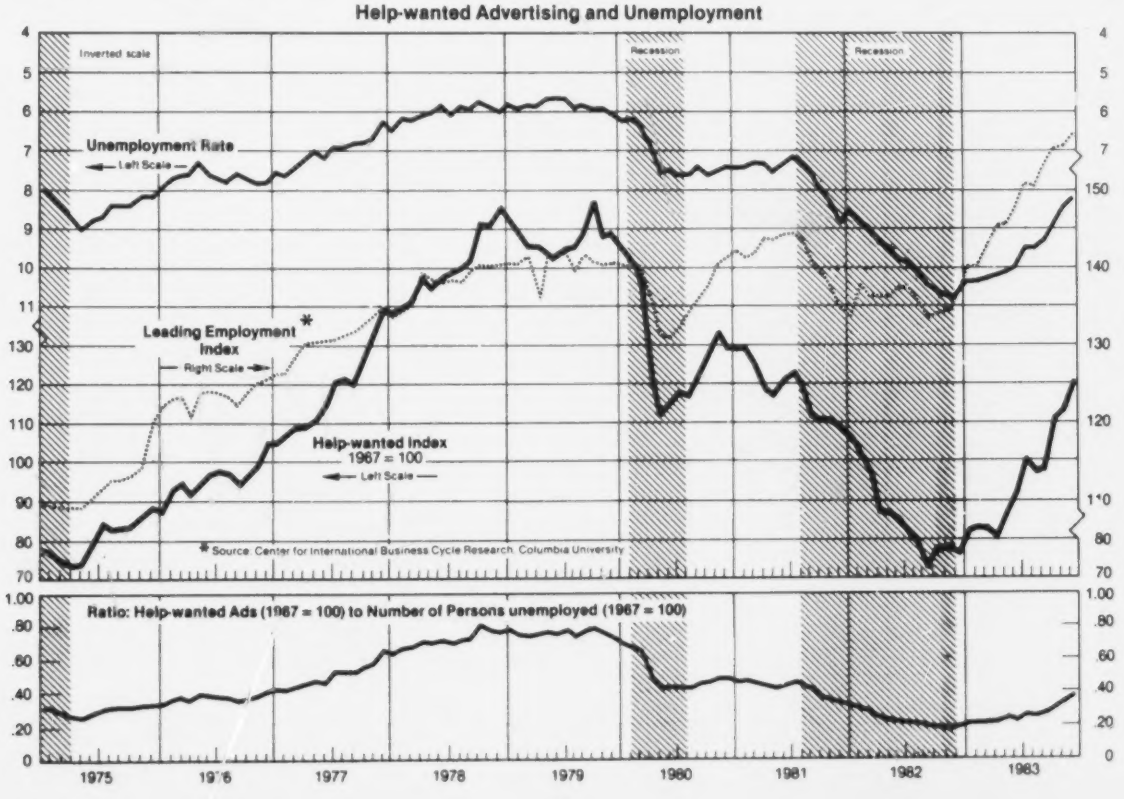
Seasonally Adjusted Indexes, 1967 = 100

	1983			1982
	Nov.	Oct.	Sept.	Nov.
Total Index 51 papers	114	111	98	78
New England	121	120	102	80
Boston	136	136	115	86
Hartford	112	112	101	87
Providence	75	74	61	51
Middle Atlantic	53	53	48	43
Albany	100	94	85	74
Allentown	116	126	96	80
New York	49	48	46	39
Philadelphia	48	49	42	38
Pittsburgh	44	47	41	42
Rochester	58	54	46	50
Syracuse	80	75	68	65
East North Central	65	63	53	43
Chicago	80	80	63	40
Cincinnati	77	76	67	58
Cleveland	44	42	37	33
Columbus	85	81	73	71
Dayton	50	47	43	44
Detroit	42	40	37	29
Gary	101	91	83	99
Indianapolis	73	62	47	54
Milwaukee	47	41	38	31
Toledo	76	69	66	63
West North Central	63	67	57	41
Kansas City	82	102	86	60
Minneapolis	57	57	45	30
Omaha	95	99	91	69
St. Louis	49	47	41	31
South Atlantic	130	125	11	88
Atlanta	229	224	189	141
Baltimore	100	71	72	65

	1983			1982
	Nov.	Oct.	Sept.	Nov.
Charlotte	107	108	98	73
Jacksonville	162	148	151	124
Miami	79	85	75	60
Richmond	68	67	65	51
Washington, D.C.	127	131	111	90
East South Central	103	103	91	76
Birmingham	109	102	96	79
Knoxville	158	158	149	124
Louisville	55	57	48	44
Memphis	95	84	84	67
Nashville	132	146	115	94
West South Central	262	264	226	184
Dallas	373	378	299	221
Houston	344	344	297	248
New Orleans	107	120	11	101
Oklahoma City	141	129	124	136
San Antonio	161	173	156	116
Tulsa	129	118	121	102
Mountain	276	242	209	154
Denver	197	171	158	114
Phoenix	384	343	281	194
Salt Lake City	276	240	206	173
Pacific	170	164	151	114
Los Angeles	130	128	117	89
Sacramento	274	261	228	200
San Bernardino	138	136	119	97
San Diego	334	323	301	204
San Francisco	193	176	164	120
Seattle	171	170	165	133
Percentage of papers with rising volume	63%	92%	33%	63%
Unemployment rate	8.4%	8.7%	9.3%	10.7%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised n.a.—not available

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1981	70.0	63.5	71.8	75.0	79.9	79.6	78.6	78.6	70.4	67.4	61.6	59.4
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.8	53.5
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2r	94.0p

Buying Plans Index

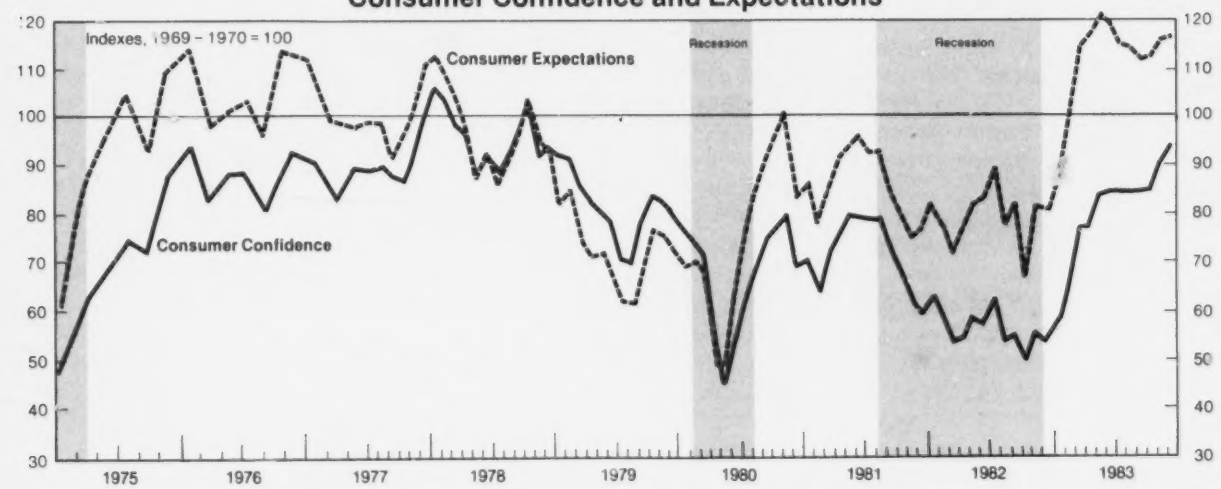
1981	87.5	90.5	98.0	85.9	84.8	89.5	78.7	96.7	90.3	86.2	89.8	99.2
1982	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	66.7	80.5	75.2
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9r	105.2p

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



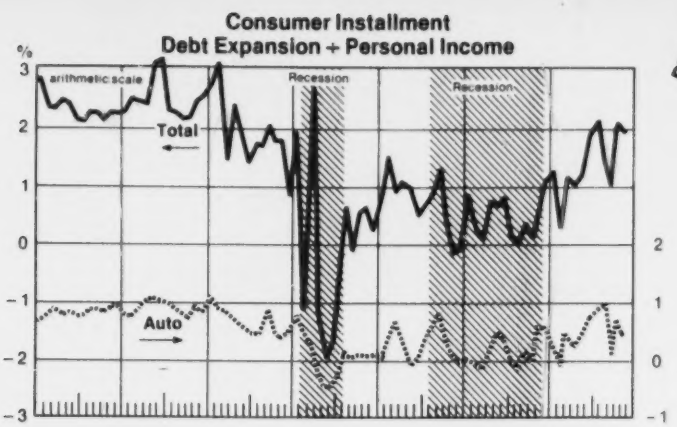
CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

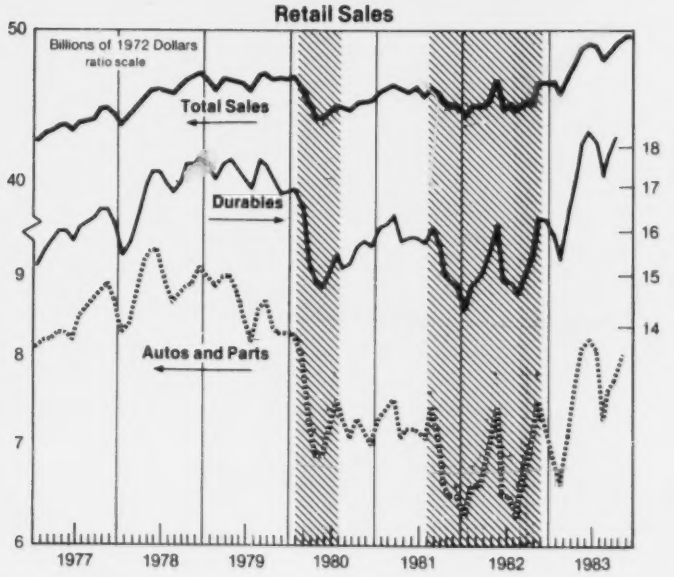
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised





REVISED

CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1980	1981	1982	1983
January:	1-10	7.72	6.15	5.57	6.21
	11-20	7.25	6.60	5.56	6.17
	21-31	8.85	6.51	5.00	5.44
February:	1-10	7.09	6.49	6.06	5.81
	11-20	8.14	5.56	5.57	4.85
	21-28(29)	6.41	7.76	5.58	5.59
March:	1-10	7.08	7.66	5.25	5.39
	11-20	7.47	9.66	5.45	5.85
	21-31	6.15	5.05	6.19	6.21
April:	1-10	7.09	6.24	5.16	6.82
	11-20	5.93	6.00	6.36	6.76
	21-30	6.07	6.40	5.94	6.71
May:	1-10	5.81	6.13	7.30	7.72
	11-20	6.00	6.52	7.34	7.07
	21-31	5.33	5.94	6.25	7.55
June:	1-10	5.57	6.09	6.10	7.34
	11-20	6.58	5.99	4.68	8.12
	21-30	6.44	6.06	4.94	7.88
July:	1-10	7.16	6.09	4.92	7.16
	11-20	6.11	6.47	5.61	7.42
	21-31	6.69	5.89	5.30	7.37
August:	1-10	5.62	7.31	5.35	7.51
	11-20	5.87	6.98	4.52	5.53
	21-31	6.09	7.49	5.05	5.88
September:	1-10	6.35	6.88	4.93	5.98
	11-20	5.25	5.73	6.54	6.99
	21-30	6.43	6.36	6.19	6.64
October:	1-10	8.07	5.29	5.40	7.78
	11-20	7.20	5.27	5.25	7.40
	21-31	6.62	5.43	5.80	7.31
November:	1-10	6.65	5.71	6.71	7.13
	11-20	6.79	4.72	6.64	6.23
	21-30	6.07	5.64	6.45	7.59
December:	1-10	7.10	5.14	5.83	7.06
	11-20	6.87	4.74	6.43	8.06
	21-31	5.76	5.00	6.41	8.18

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.